

Message Text

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ACTION EUR-12

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INFO AMEMBASSY BELGRADE
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AMEMBASSY WARSAW
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UNCLAS BUDAPEST 4255

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SUBJECT: HUNGARIAN FOREIGN TRADE: THREE QUARTER SUMMARY

REF: BUDAPEST 4147

1. ALTHOUGH HUNGARIAN BALANCE OF TRADE DEFICIT REMAINS
HIGHER THAN IN 1976, THE MOST SIGNIFICANT TREND OF THE
THIRD QUARTER WAS A MARKED IMPROVEMENT RESULTING FROM
A COMBINATION OF LOWER IMPORTS AND GROWING EXPORTS.

2. HUNGARY'S IMPORTS FOR 1977 THROUGH SEPTEMBER TOTALLED
187 BILLION FORINTS, UP 19.9 PERCENT OVER THE SAME PERIOD
IN 1976; RUBLE-DENOMINATED IMPORTS HAVE INCREASED 17.2
PERCENT OVER LAST YEAR WHILE HARD-CURRENCY IMPORTS HAVE
INCREASED 22.4 PERCENT. EXPORTS TOTALLED 158.5 BILLION
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FORINTS, UP 20.5 PERCENT. RUBLE-DENOMINATED EXPORTS
ROSE 22.1 PERCENT, WHILE HARD-CURRENCY EXPORTS ROSE
18.8 PERCENT. TOTAL IMPORTS IN THE THIRD QUARTER AMOUNTED TO
61 BILLION FORINTS, COMPARED TO 126 BILLION IN THE FIRST
HALF-YEAR; EXPORTS IN THE THIRD QUARTER WERE 58 BILLION
FORINTS COMPARED TO 101 BILLION IN THE FIRST HALF. NOTE:
HUNGARIAN MONTHLY TRADE STATISTICS ARE SUBDIVIDED IN TWO

WAYS: BY NATURE OF TRADING PARTNER (SOCIALIST OR NON-SOCIALIST) AND BY FORM OF PAYMENT (RUBLE- OR HARD-CURRENCY-DENOMINATED). THE SOCIALIST CATEGORY INCLUDES YUGOSLAVIA AND NON-CEMA ASIAN COMMUNIST COUNTRIES -- YUGOSLAVIA AND THE PRC TRADE WITH HUNGARY IN HARD CURRENCY -- AND BOTH RUBLE DENOMINATED AND HARD-CURRENCY TRADE WITHIN CEMA. THE COMMERCIAL EXCHANGE RATE IS CURRENTLY 40.6 FORINTS - U.S. \$1, 35 FORINTS - 1 TRANSFERABLE RUBLE.

3. BALANCE OF TRADE DATA BREAKS DOWN AS FOLLOWS

(MILLIONS OF FORINTS):

	1ST HALF 1977	3RD QTR 1977	9 MOS 1977	9 MOS 1976
SOCIALIST COUNTRIES	-4,250	4,035	-215	-4,615
NON-SOC COUNTRIES	-21,514	-6,841	-28,355	-19,835
TOTAL	-25,764	-6,806	-28,570	-24,451
RUBLE-DENOM. TRADE	-7,126	152	-6,974	-8,731
DOLLAR AND OTHER DENOM. TRADE	-18,638	-2,958	-21,596	-15,720

4. COMMENT: WHILE A SINGLE QUARTER'S EXPERIENCE DOES NOT RPT NOT NECESSARILY INDICATE A SIGNIFICANT LONG-TERM TREND, THE IMPROVED 3RD QUARTER PERFORMANCE MUST BE CONFORTING TO HUNGARIAN ECONOMIC OFFICIALS AFTER THE UNEXPECTEDLY RAPID GROWTH OF THE DEFICIT IN THE FIRST
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HALF OF 1977. HUNGARIAN PLANNERS ANTICIPATE ONLY A MODEST HARD-CURRENCY DEFICIT IN THE FOURTH QUARTER AND A DEFICIT FOR THE YEAR IN THE RANGE OF \$550-600 MILLION (THE DEFICIT IS ALREADY SLIGHTLY OVER \$500); AS MENTIONED REFTTEL, THE 1978 PLAN ANTICIPATES ONLY A MODEST DECREASE IN THE HARD-CURRENCY DEFICIT. THE DATA IN PARAGRAPH 3 INDICATE THAT HUNGARY IS RUNNING A HARD-CURRENCY SURPLUS OF ALMOST 7 BILLION FORINTS WITH OTHER SOCIALIST COUNTRIES (SIMILAR TO THE 1976 TOTAL). SURPLUSES WITH YUGOSLAVIA AND THE PRC ACCOUNT FOR ABOUT 3 BILLION FORINTS, INDICATING A ROUGHLY 4 BILLION FORINT HARD-CURRENCY SURPLUS IN TRADE WITH OTHER CEMA COUNTRIES.
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